

MAY 1962

Honorable Tom Murray, Chairman
Post Office and Civil Service Committee
House of Representatives
Washington 25, D. C.

Dear Mr. Murray:

I have studied with great care the President's proposal for reform of the Federal statutory salary systems embodied in H. R. 10480. As you know, although the Agency is exempted by statute from the provisions of the Classification Act of 1949, as amended, we have adhered to the classification schedules in that Act in the salary and personnel programs of the Agency. Therefore, the Agency is concerned with and vitally interested in efforts to improve pay administration generally within the Federal Government.

The underlying objectives of the President's proposal in part are stated by defining the functions of a public salary system which are to control payroll expenditures with equity to both the employee and the taxpayer and to support recruitment and retention of the high quality personnel required to carry out Government programs. These objectives are, of course, basic objectives in the Agency's salary administration program. The comparability principle and the flexibility in the proposed legislation are significant forward-looking improvements in the Federal pay system.

I believe that enactment of the Federal Salary Reform Act of 1962 would exert a strong force for improved management in the Federal service generally. Therefore, I would like to convey to you my strong endorsement of this legislation and urge its enactment by the Congress.

Sincerely,

(Signed) JOHN A. McCONE

John A. McCone
Director

Executive Registry

62-28891

30 APR 1962

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Federal Salary Reform Act of 1962

1. This memorandum suggests action on the part of the Director of Central Intelligence. Such requested action is contained in paragraph 6.

2. Attached is a proposed letter for your signature to the Chairman of the House Post Office and Civil Service Committee commenting on the Federal Salary Reform Act of 1962, H. R. 10480, which is the President's proposal for reform of the Federal statutory pay systems. This letter supports the legislation and urges its enactment.

3. As the letter states, while the Agency is exempt by statute from the Classification Act of 1949, as a matter of policy the Agency has utilized the general schedules, i. e., the pay grade classifications of the Classification Act. The House Committee is well aware of the Agency policy in this respect. Therefore, in fact, the Agency does have a vital interest in any general legislation affecting salary systems in the Federal Government.

4. As to the proposed legislation itself, it should be noted that this is an Administration-sponsored bill and proposes fundamental overhaul of the major salary systems of the Federal Government including the Classification Act, the Foreign Service Act, the Postal

Field Service, and the Department of Medicine and Surgery in the Veterans Administration. Appropriate grades within each of these systems have been established as being equatable to specific grades in other systems so that there is a degree of comparability between the various systems. In addition, the bill attempts to establish a basis of comparability for Federal salaries and industry salaries although admittedly falling short in the topmost grades.

5. This proposal was the result of a massive study and coordination effort involving State Department, Post Office, Veterans Administration, Civil Service Commission, Bureau of the Budget, White House, Bureau of Labor Statistics, and others. The Bureau of Labor Statistics alone was authorized \$600,000 by the Congress for its studies on this subject. Because of the far-reaching effects of the proposed legislation, obviously it is complex. We have attached for information the bill itself, H.R. 10480 (TAB A), Statement of Purpose and Justification and Section-by-Section Analysis (TAB B), and Summary Analysis of the President's Proposal for Reform of Federal Statutory Salary Systems (TAB C). This latter publication prepared by the Civil Service Commission is the most succinct statement of the purposes of the proposed legislation.

6. I believe the Agency not only has a legitimate interest in this legislation but, further, it should express its endorsement of the legislation to the House Committee. I have been advised at the staff level that the Chairman would welcome our support of this legislation. On the Senate side apparently their thinking has not sufficiently crystallized that an expression of Agency interest would be useful at this point. Further, the Bureau of the Budget also advised, on an informal basis, that they would have no objection to our endorsing the legislation. Therefore, it is recommended that the attached letter be signed by you.

JOHN S. WARNER
Legislative Counsel

Atts - 4

TABS A, B, and C
Letter to Honorable Tom Murray

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CONCURRENCE:

/s/ Emmett D. Echols

Director of Personnel

1 MAY 1962

DD/SG-1617

HIGHLIGHTS OF PAY REFORM BILL

1. Purpose: To provide a salary structure for the Federal service which is fixed under well understood and objective standards, which is high enough to attract and retain competent personnel, which is sufficiently flexible to motivate initiative and industry, and which is comparable with the salaries paid in private life.

2. Principal Features:

a. Principle of Comparability: Comparability of Federal salaries with those of private enterprise provides a factual and objective standard for setting Federal salaries. It includes the effect of such legitimate pay considerations as cost of living, standard of living, and productivity. The source data for applying this principle would be nation-wide findings developed by the Bureau of Labor Statistics; the relationships between Federal (GS) salaries and the BLS data would be reviewed and reported to the Congress each year with appropriate recommendations for adjustments in Federal salaries. Comparability among the various Federal pay systems would be accomplished by a pre-established linking of these systems to the GS scales.

b. Principle of Internal Alignment: This principle rests on two basic concepts: equal pay for equal work, and distinctions in pay consistent with distinctions in work and performance.

(1) Equal pay for equal work has existed in principle under the present Classification Act and is one of the objectives of the current system of job evaluation.

(2) Distinctions in pay consistent with distinctions in work are more adequately provided in the reform bill through:

(a) Wider differences between salaries of successive grade levels to recognize increasing difficulty and responsibility of work.

(b) Changes in the time requirements for step increases based on satisfactory performance. For all grade levels, these would be provided each year through the first three steps of the grade, every two years at the next three steps, and every three years at the final three steps. The present "longevity steps" would be abolished.

(c) Merit increases consisting of one additional step increase are provided to reward high quality performance.

3. Miscellaneous Provisions:

a. Increased entrance rates for "hard to get" occupational categories: These are provided for at present but the new bill provides for comparable adjustments throughout the entire grade range involved.

b. Addition of two new pay levels, GS-19 and GS-20, to return a few high-ranking positions of bureau directors and similar posts to the general salary structure. It would require Presidential approval to place a position at either of these grades.

c. Elimination of the numerical limitation on GS-16's, 17's, and 18's.

Basic Pay Rates

Under Present GS Scale and Three Phases of Reform Bill

<u>GS Grade</u>	<u>Present</u>	<u>Phase I Jan 1963</u>	<u>Phase 2 Jan 1964</u>	<u>Phase 3 Jan 1965</u>	<u>Increase</u>	
					<u>Amt.</u>	<u>Percentage</u>
1	3,185	3,225	3,265	3,305	120	3.8
2	3,500	3,540	3,580	3,620	120	3.4
3	3,760	3,800	3,840	3,880	120	3.2
4	4,040	4,110	4,175	4,215	175	4.3
5	4,345	4,565	4,645	4,690	345	7.9
6	4,830	5,035	5,165	5,235	405	8.4
7	5,355	5,540	5,695	5,795	440	8.2
8	5,885	6,090	6,285	6,420	535	9.1
9	6,435	6,675	6,925	7,095	660	10.3
10	6,995	7,290	7,585	7,800	805	11.5
11	7,560	7,960	8,325	8,580	1,020	13.5
12	8,955	9,380	9,910	10,270	1,315	14.7
13	10,635	10,965	11,670	12,190	1,555	14.6
14	12,210	12,665	13,615	14,310	2,100	17.2
15	13,730	14,495	15,725	16,620	2,890	21.0
16	15,255	16,400	17,970	19,125	3,870	25.4
17	16,530	18,350	20,325	21,755	5,225	31.6
18	18,500	20,315	22,740	24,500	6,000	32.4
19	--	22,245	25,150	27,290	--	--
20	--	23,000	26,000	28,000	--	--

CLASSIFICATION ACT. SALARY SCHEDULE - JANUARY 1965

	1	2	3	4	5	6	7	8	9	10
GS- 1	\$ 3,305	\$ 3,410	\$ 3,515	\$ 3,620	\$ 3,725	\$ 3,830	\$ 3,935	\$ 4,040	\$ 4,145	\$ 4,250
2	3,620	3,725	3,830	3,935	4,040	4,145	4,250	4,355	4,460	4,565
3	3,880	3,985	4,090	4,195	4,300	4,405	4,525	4,650	4,775	4,900
4	4,215	4,355	4,495	4,635	4,775	4,915	5,055	5,195	5,335	5,475
5	4,690	4,850	5,010	5,170	5,330	5,490	5,650	5,810	5,970	6,130
6	5,235	5,410	5,585	5,760	5,935	6,110	6,285	6,460	6,635	6,810
7	5,795	5,990	6,185	6,380	6,575	6,770	6,965	7,160	7,355	7,550
8	6,420	6,635	6,850	7,065	7,280	7,495	7,710	7,925	8,140	8,355
9	7,095	7,330	7,565	7,800	8,035	8,270	8,505	8,740	8,975	9,210
10	7,800	8,060	8,320	8,580	8,840	9,100	9,360	9,620	9,880	10,140
11	8,580	8,865	9,150	9,435	9,720	10,005	10,290	10,575	10,860	11,145
12	10,270	10,615	10,960	11,305	11,650	11,995	12,340	12,685	13,030	13,375
13	12,190	12,595	13,000	13,405	13,810	14,215	14,620	15,025	15,430	15,835
14	14,310	14,785	15,260	15,735	16,210	16,685	17,160	17,635	18,110	18,585
15	16,620	17,175	17,730	18,285	18,840	19,395	19,950	20,505	21,060	21,615
16	19,125	19,760	20,395	21,030	21,665	22,300	22,935			
17	21,755	22,480	23,205	23,930						
18	24,500									
19	27,290									
20	28,000									

BASIC PAY SCALE - 1960							
PER ANNUAL RATES WITH IN GRADE							
GS- 1	\$3,185	3,290	3,395	3,500	3,605	3,710	3,815
GS- 2	3,500	3,605	3,710	3,815	3,920	4,025	4,130
GS- 3	3,760	3,865	3,970	4,075	4,180	4,285	4,390
GS- 4	4,040	4,145	4,250	4,355	4,460	4,565	4,670
GS- 5	4,345	4,510	4,675	4,840	5,005	5,170	5,335
GS- 6	4,830	4,995	5,160	5,325	5,490	5,655	5,820
GS- 7	5,355	5,520	5,685	5,850	6,015	6,180	6,345
GS- 8	5,885	6,050	6,215	6,380	6,545	6,710	6,875
GS- 9	6,435	6,600	6,765	6,930	7,095	7,260	7,425
GS- 10	6,995	7,160	7,325	7,490	7,655	7,820	7,985
GS- 11	7,560	7,725	7,890	8,055	8,220	8,385	8,550
GS- 12	8,955	9,215	9,475	9,735	9,995	10,255	10,515
GS- 13	10,635	10,895	11,155	11,415	11,675	11,935	12,195
GS- 14	12,210	12,470	12,730	12,990	13,250	13,510	13,770
GS- 15	13,790	14,055	14,320	14,585	14,850	15,115	15,380
GS- 16	15,370	15,635	15,900	16,165	16,430	16,695	16,960
GS- 17	16,950	17,215	17,480	17,745	18,010	18,275	18,540
GS- 18	18,530	18,795	19,060	19,325	19,590	19,855	20,120

(Effective July 1960)

DD 1562-1614
Executive Registry

62-288011

30 APR 1962

MEMORANDUM FOR: Director of Central Intelligence

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STAT
[Redacted Signature Box]
JOHN S. WARNER
Legislative Counsel


Atts - 4
TABS A, B, and C
Letter to Honorable Tom Murray

STAT

CONCURRENCE:
[Redacted Signature Box]
Director of Personnel

MEMORANDUM FOR: THE DIRECTOR

Attached is a proposed letter for your signature to Chairman Murray of the House Post Office and Civil Service Committee expressing approval of the objectives of the President's proposal for reform of the Federal statutory pay systems (H. R. 10480) and supporting the proposed legislation on the subject. The Bureau of the Budget has advised informally that they approve of the Agency taking the initiative on this and would like to see a copy of our letter prior to dispatch.


John S. Warner
Legislative Counsel

30 April 1962
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

(47)

TRANSMITTAL SLIP		DATE
TO: ER		
ROOM NO.	BUILDING	
REMARKS: Note: <u>Ly. C. to Land</u> carry letter to Chairman Murray.		